

BILL # SB 1420

TITLE: uninsured drivers; penalties; vehicle impoundment

SPONSOR: Waring

STATUS: Senate Engrossed

REQUESTED BY: Senate

PREPARED BY: Martin Lorenzo III

FISCAL ANALYSIS

Description

SB 1420 would require a peace officer to cause the removal and impoundment of a vehicle for 30 days if all of the following circumstances were present: the person does not have a valid drivers license, the person does not have liability insurance and the person is involved in an accident resulting in either property damage or injury to or death of another person. SB1420 also establishes and mandates new penalties ranging from \$500 to \$1,000 for individuals violating the financial responsibility requirement. Civil penalties would increase to a minimum of \$500 for the first offense, \$750 for the second offense and \$1,000 for 3 or more violations within thirty six month period.

Estimated Impact

The JLBC Staff estimates that SB 1420 will increase revenues generated by individuals violating the state's insurance requirement by approximately \$36.2 million. This amount includes monies received by both state and local governments (see Analysis section for specific fund information). These monies would begin to be collected in FY 2006, however, due to case processing times the annualized collection estimates above may not be realized until FY 2008.

The state would receive monies resulting from an 80% surcharge that is applied to the civil penalty while local governments would receive monies from the civil penalties as well as the portion of the surcharges distributed to various programs at the local level. The following chart indicates the distribution of additional monies (penalty and surcharge) generated by SB 1420.

Additional Revenues Generated by SB 1420	
Base Fine Amount (retained by county or city)	\$20,097,157
Criminal Justice Enhancement Fund (CJEF)	9,446,206
Medical Services Enhancement Fund (MSEF)	2,612,088
Clean Elections Fund (CEF)	2,011,525
Fill The Gap (FTG)	1,407,344
Deoxyribonucleic Acid (DNA) Identification Fund	604,181

The bill is not projected to increase state expenditures as the vehicle's owner is required to pay all towing, storage and administrative fees.

The Administrative Office of the Courts (AOC), Motor Vehicle Division (MVD) and Department of Public Safety (DPS) did not provide potential revenue or cost estimates associated with SB 1420.

Analysis

The projected increases in revenues due to SB 1420 are based on limited information provided by AOC. In FY 2004, AOC indicated that the total number of civil traffic violations in the state of Arizona was 1,266,400. Using a two jurisdiction sample, it is estimated that 18.4% (or 233,018) are due to violation of the financial responsibility requirement. Assuming a 2.5% growth rate in offenders based solely on state population growth and a conviction rate of 48%, the number of convictions in FY 2006 is estimated to be 117,511. Based on information from the AOC, the estimate for additional proceeds assumes a 68.5% collection rate and an average additional penalty and surcharge of \$450.

Analysis (Cont'd)

The bill could also increase Highway User Revenue Fund (HURF) and State Highway Fund revenues. Currently, the courts are not required to suspend a driver's license and vehicle registration for violation of the state's insurance requirements. Since SB 1420 mandates license and registration suspension, additional revenues may be generated by individuals who pay the fee to reinstate their license and vehicle registration. The fees are deposited into HURF and the State Highway Fund receives 50.5% of HURF deposits. The AOC and MVD did not provide information on current suspension rates; therefore, the magnitude of additional fee revenues is unknown at this time.

Local Government Impact

The JLBC Staff estimates SB 1420 would result in approximately \$20.1 million in revenues to various local governments resulting from civil penalties on liability insurance violations. In addition, local governments would receive 49.5% of any increase in HURF revenue beginning in FY 2006, including increases of 30.5% to cities and 19% to counties. State Highway Fund monies for urban controlled access freeways would increase by 15.2% if new revenues are generated. Monies for urban controlled access freeways are divided 75% for Maricopa County and 25% for Pima County. See the estimated impact and analysis sections above for assumptions and further explanation.

4/4/05